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15	Phoenix, Arizona	
16	December 14, 2005	
17	9:30 a.m.	
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24	Angela Furniss Miller, RPR Certified Reporter (AZ 50127)	
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1	A PUBLIC MEETING, BEFORE THE CITIZENS CLEAN
2	ELECTIONS COMMISSION, convened at 9:30 a.m. on Decemebr
3	14, 2005, at the State of Arizona, Clean Elections
4	Commission, 1616 W. Adams, Conference Room, Phoenix,
5	Arizona, in the presence of the following Board members:
6	Ms. Marcia Busching, Phoenix, Chairperson
7	Mr. Gary Scaramazzo, Page (Teleconference)
8	Ms. Ermila Jolley, Yuma (Teleconference)
9	Ms. Kathleen Detrick, Tucson
10	
11	OTHERS PRESENT:
12	Mr. Todd Lang, Executive Director Ms. Paula Ortiz, Executive Assistant
13	Ms. Colleen McGee, Fiscal Service Manager Ms. Genevra Richardson, Campaign Finance
14	Manager Mr. Michael Becker, Voter Education Manager
	Ms. Christina Murphy, Administrative Assistant
15	III Ms. Diana Varela, Assistant Attorney General
16	Ms. Jan Brewer, Secretary of State Ms. Nancy Read, Secretary of State's Office
17	Ms. Barbara Lubin, Clean Elections Institute
18	Mr. Doug Ramsey, Clean Elections Institute Ms. Jahna Berry, Arizona Republic
19	Mr. Richard Mays, Citizen Mr. Eric Peterson, Quarles & Brady
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PROCEEDING

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CHAIRPERSON BUSCHING: I will call this meeting to order. I'm Marcia Busching, Chairman of the Citizens Clean Election Commission. It's 9:30 on Wednesday, December 14th, 2005 at 1616 West Adams, Suite 110, Phoenix, Arizona 85007.

I want to give notice that pursuant to ARS 38-431.02, notice is hereby given to the Commissioners of the Citizens Clean Election Commission and the general public that the Citizens Clean Election Commission will hold a regular meeting open to the public today, and we may vote to go into executive session, which will not be open to the public, for any item listed on the agenda for obtaining legal advice.

All matters on the agenda may be discussed, considered and are subject to action by the Commission.

I've already called the meeting to order. I'll note for the record that Commissioner Bardorf is not able to attend today and Commissioner Jolley and Commissioner Scaramazzo are appearing by telephone with Commissioner Detrick and Commissioner Busching present.

The second item on the agenda is the approval of the November 18th, 2005 Commission meeting minutes. Are there additions or corrections?

1 COMMISSIONER DETRICK: Madame Chair.

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2 CHAIRPERSON BUSCHING: Commissioner Detrick.

COMMISSIONER DETRICK: I have a couple of what I think may be corrections. On page one, or page two I guess, the Proceedings page. On line four, I think probably you said the Clean Elections Commission meeting that you called in to order "at" 1616 instead of "it's" 1616.

On line four. Next page.

CHAIRPERSON BUSCHING: Oh, yes. Page three.

COMMISSIONER DETRICK: And -- oh, I see the pages are up above. I dog-eared them so I can't see the pages. And then on page five, line seven should be, "I met with the League of Women voters." Not apostrophe "S".

CHAIRPERSON BUSCHING: Okay.

commissioner detrick: And there was one back on page 67 that I'm just not sure I understand on the -- around lines 12, and 13, and 14 where Todd says, "But I do not intend to have this go around." I don't know if that's -- I don't know if Todd said, "I don't intend to have this happen this go around." Does the sentence make sense to you, Todd?

MR. LANG: Which page are you on?

COMMISSIONER DETRICK: Page 67, I'm at line 12,

 1 | 13, and 14.

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CHAIRPERSON BUSCHING: I think it was probably any after the word have.

COMMISSIONER DETRICK: Yeah, "Have any of this go around."

MR. LANG: Right.

COMMISSIONER DETRICK: Just to make the sentence make sense. And that's all I have.

CHAIRPERSON BUSCHING: I had mentioned changes previously to the staff on pages 64, 70, and 71.

Should -- Mr. Lang, should I go through those again or have they already been noted?

MR. LANG: Actually, it will be helpful to go through them again.

CHAIRPERSON BUSCHING: Okay. On page 64 I think in line seven it should be "in" rather than "if". On page 70, line five, it should be probably "ex-party issues" rather than "ex-particulates." And page 71, on line 11, it should be "best" rather than "bet".

Are there other additions or corrections? If not, the Chair will entertain a motion.

COMMISSIONER DETRICK: Madame Chair.

CHAIRPERSON BUSCHING: Madame -- Commissioner
Detrick.

COMMISSIONER DETRICK: I move that we approve

the minutes from the November 18th Commission meeting
with the amendments noted.

COMMISSIONER SCARAMAZZO: I'll second that.

CHAIRPERSON BUSCHING: It's been moved by Commissioner Detrick and seconded by Commissioner Scaramazzo that we approve the November 18th, 2005 minutes with the corrections as indicated.

The Chair will call for the question, all in favor say "aye."

(Chorus of ayes.)

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CHAIRPERSON BUSCHING: Opposed, nay?

The Chair votes aye. The motion carries.

COMMISSIONER SCARAMAZZO: I just like to thank everyone on our own version of war and peace.

CHAIRPERSON BUSCHING: Indeed. You'll have a chance to talk about that more later.

Executive Director's report, agenda item three.

MR. LANG: Thank you, Madame Chair, Commissioners. You have your report there.

The big addition I want to make to the report, or embellishment I guess it will be, is on my third announcement which is regarding the COGEL Conference.

As you know, I attended that last week with Chair Busching and Commissioner Jolley and it was great and

very informative and worth every minute there.

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I got to meet a lot of folks in other states and got a lot of good ideas from the folks in Maine and some of the other states and so it was very useful. As you know, there's public finance programs in New Jersey, Connecticut, and North Carolina which is judicial only. There are long-standing public finance programs which are different than our program in states like Minnesota and Kansas where they agree to just give you matching funds if you restrict your expenditures. And they also have local programs, and I'm not going to discuss Tucson for a minute because we have our expert here.

There's also programs in Portland, Albuquerque, New York City and San Francisco and they are similar to our program actually. With Christina's help we researched and looked into them, and I can tell you a little bit about them if you're interested. That's up to the Chair.

CHAIRPERSON BUSCHING: Yeah.

MR. LANG: First of all, Oregon has a cool program where you get a tax credit for contributions up to a hundred dollars, which is kind of nice, to encourage everyone to participate. That's just a general provision at any rate.

Portland has a campaign finance fund, which is

a voluntary fund for their auditors, city commissioners, and mayor elections. You can raise seed money of a hundred dollars per person per donor up to \$15,000. And then you have to gather at least five, \$1,000 contributions to qualify for the program. If you succeed, you receive \$150,000 for the race and get another \$150,000 in matching funds. So that's a neat program in Portland.

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Albuquerque has the public funding program for the mayoral and city council campaign. Candidates have to gather \$5 donations from one percent of the registered voters in their district to qualify. Then there is a \$450,000 fund, and depending on the number of candidates, they all get a piece of that. But generally you get from the fund a dollar from every registered voter in the district to use to run for public office.

In Tucson -- we have our expert here, but my understanding is you get up to \$39,000 in matching funds. Is that --

COMMISSIONER DETRICK: Based upon voter registration and CPI. This year it was.

MR. LANG: Okay. And then the spending limits are \$79,000 in general or does that vary upon --

COMMISSIONER DETRICK: It's all dependent on voter registration and CPI. There's no real limit as to

how much we give you. We just give you 50 percent of whatever the expenditure limit is.

MR. LANG: Gotcha.

In New York City they have matching funds. For every dollar you receive from a contributor, they'll match \$4. So, if you get — up to \$250 per contributor. So, if someone's getting \$250, the city gives you a thousand. You have to adhere to strict spending limits in return.

And it's a neat program and it's comprehensive. The problem is it has completely subverted this last election cycle because a wealthy individual spent millions and millions and millions of dollars and won. That was Mr. Bloomberg. But it's a neat program that will work when you don't have super wealthy individuals.

In San Francisco you receive \$43,000 for the general and \$17,000 for any runoff. It's for the Board of Supervisors, which is their governing board. To qualify you have to raise at least \$5,000 from 75 residents — at least 75 residents in the amount of \$10 to \$100 per resident and there's a spending limit.

So, they're all sort of similar to the way our program and the Maine program works. It's neat that it's spreading on the local level.

And in New Jersey, they're very excited about

their program and eager to try it again. As you will recall, it was a good program the problem was their thresholds to qualify were way too high. You needed several thousands of those \$10 contributions and it was just too difficult and only two people qualified. So, they're eager to get started again and have asked all of us here for help and advice. And of course, all of here at — staff here at Clean Elections Commission have been doing that.

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I guess that's all I said about it. You heard lots about BICRA, about the federal standards for electionary communications, and at the various sessions it was well worthwhile. And unless you have questions, I'll move on.

Reminder. Tomorrow night on Channel 8 is the debate. I think it's tomorrow night, December 15th.

The Clean Elections' debate that I mentioned last month.

It's tomorrow so be sure to tune into that.

And as you know, we're actively assisting the Secretary of State in her recruitment of a new Commission member, so we're encouraging folks to apply to her office.

Staffing. The big news is, as you know,
Christina Murphy is already on board. She's right here.
Christina, hi. And she's doing a great job. But we

also have the great -- the big news is we have our other
position now filled, our Administrative Assistant II

position is now filled. Cindy Stutesman?

MS. ORTIZ: Stutesman.

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MR. LANG: Stutesman. Starts on January 2nd. So, we're very pleased to have Cindy and I know Paula is giddy.

And, really, that concludes my report unless you have questions.

CHAIRPERSON BUSCHING: Any questions of Mr. Lang?

Okay. We'll move on to agenda item four.

Discussion and possible action on the following
enforcement matters: A) MUR 04-0030, Jesse Hernandez.

Discussion and possible action on payment plan for settlement agreement. Mr. Lang?

MR. LANG: Thank you, Madame Chair. As you will recall, Mr. Hernandez entered into a settlement with the Commission in which he agreed to repay \$1,109.66. And he had difficulty making those payments and preferred an installment plan. And because the Commission did not approve an installment plan, I bring it before you today for your consideration and possible approval of the installment plan you see there in paragraph three.

1 The good news is he's paid in full. And, so, 2 it's sort of a moot point, but I'd suggest that approval 3 by the Commission would be useful and worthwhile. 4 CHAIRPERSON BUSCHING: Okay. Any questions of 5 Mr. Lang? 6 Any member of the public wish to speak to this 7 matter? 8 I'll just note for the record that the 9 bankruptcy provisions -- although I'm not practicing 10 bankruptcy law anymore and it's radically changed as of 11 October -- I still think that they could use some 12 bankruptcy expertise to draft them in the future. 13 MR. LANG: Fortunately. He's paid, so --14 CHAIRPERSON BUSCHING: It's a moot point. 1.5 MR. LANG: Thank you for that suggestion. 16 CHAIRPERSON BUSCHING: Any discussion among the 17 Commissioners? 18 If not, the Chair will entertain a 19 motion. 20 COMMISSIONER DETRICK: Madame Chair. 2.1 CHAIRPERSON BUSCHING: Commission Detrick. 22 COMMISSIONER DETRICK: I move that we accept 2.3 the agreement regarding final payment in MUR 04-0030. 2.4 CHAIRPERSON BUSCHING: Thank you. Is there a

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second?

COMMISSIONER JOLLEY: I'll second that.

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COMMISSIONER SCARAMAZZO: I'll second that -- go ahead.

CHAIRPERSON BUSCHING: It's been moved by

Commissioner Detrick and seconded by Commissioner Jolley
that we accept the agreement regarding final payment in
the matter of Jesse Hernandez. Any further discussion?

If not, the Chair will call for the question, all in favor say "aye."

(Chorus of ayes.)

CHAIRPERSON BUSCHING: Opposed, nay?

Chair votes aye. Motion carries.

COMMISSIONER DETRICK: Madame Chair, I'd also like to note that we appreciate Mr. Hernandez paying so promptly once he agreed to the final payment plan.

That's nice.

MR. LANG: Ahead of schedule.

COMMISSIONER DETRICK: Ahead of schedule is always nice too.

CHAIRPERSON BUSCHING: I second that. Thank you.

Go on to agenda item four B) MUR 04-0043, Peggy Tommey Hammann. Discussion and possible action on proposed settlement agreement as a result of informal settlement conference between Commissioner

Representative Gary Scaramazzo and Peggy Tommey Hammann.

Mr. Scaramazzo.

COMMISSIONER SCARAMAZZO: Yes. We met, myself and Ms. Hammann and Diana, a couple of weeks ago down in Phoenix and that was a mutual spot that worked for all of us. And we kind of played Let's Make a Deal for a while and we came to an agreement with Ms. Hammann. And it's very difficult because she's unemployed and en route right now between different locales. So, it was very difficult finding a permanent residence or addresses for her and that caused part of the problem.

So we had a lengthy discussion and what we eventually came up with was that it would be in everyone's best interest, including Clean Elections, to get this resolved and move on. So, with that in mind, we made an offer for settlement and Ms. Hammann countered based on abilities to pay as an unemployed person.

And that's where we came up with the admission of \$1,000 fine which would be paid in three monthly installments in \$400, \$300, and \$300 beginning in January. And that would then remove this from the pending cases there at Clean Elections and we can move onto something else.

That's it in a nutshell.

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CHAIRPERSON BUSCHING: Thank you, Mr.

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Scaramazzo. Is there anyone from the public that wishes
to speak to this matter?

Okay. Any discussion among the Commission members?

COMMISSIONER JOLLEY: Chairperson Busching, I have a question of Commissioner Scaramazzo.

CHAIRPERSON BUSCHING: Yes.

COMMISSIONER JOLLEY: So, now if she fails to pay, I guess there's a penalty there?

COMMISSIONER SCARAMAZZO: Yes. Then the charges will be re-instated and Diana has outlined that in the agreement.

COMMISSIONER JOLLEY: Okay. That's what I'm reading. Thank you.

COMMISSIONER SCARAMAZZO: Certainly.

CHAIRPERSON BUSCHING: Commissioner Scaramazzo, did you look at the settlement in the context of other penalties and settlements, and do you have any idea where this -- this fits in? Are you --

COMMISSIONER SCARAMAZZO: I think it fits in with the infractions that occurred and the potential fines that could have been levied. I think in the final analysis it was a fair settlement and it fit right in with what other settlements have taken place.

CHAIRPERSON BUSCHING: And did you look to any
other settlements in particular or --

COMMISSIONER SCARAMAZZO: I left that up to Diana to help me out with that.

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CHAIRPERSON BUSCHING: Diana, can you help me out with that?

MS. VARELA: I did not look at any others.

COMMISSIONER SCARAMAZZO: I don't mean to put Diana on the spot.

MS. VARELA: I don't remember that request and I did not look at any other agreements.

about having somebody -- I mean, this is a situation where we have somebody exceeding their spending limit. Of course we have one infamous case where somebody exceeded their spending limit and we have another case during this past year where somebody exceeded their spending limit. And in both of those cases, we did not reduce their penalty at all. And I think in one case we let people -- we let the person pay over time, or has he paid?

MS. VARELA: I don't know what you're talking about.

CHAIRPERSON BUSCHING: Mr. Murchison.

MS. VARELA: I don't know. It comes to the

Commission, so I don't know.

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CHAIRPERSON BUSCHING: Okay. But I'm concerned that this, in this case she — the Respondent would pay less than a third of what's owed. And I'm afraid that even despite the fact that she's unemployed, it would set a very bad precedent and be used as an example of singling somebody out for favorable treatment. And I'm concerned about that.

COMMISSIONER DETRICK: Madame Chair, how much did she exceed the limit by?

I mean, it wasn't -- was it -- if it's just a couple hundred dollars that she actually exceeded the limit. I mean, I know we assessed the penalty, but --

CHAIRPERSON BUSCHING: I don't recall. Mr.

Lang, do you know?

COMMISSIONER DETRICK: Do we have somebody who can tell us?

CHAIRPERSON BUSCHING: Ms. Richardson?

MS. VARELA: On the front page it says --

COMMISSIONER DETRICK: Under Item C?

MS. VARELA: Right.

COMMISSIONER DETRICK: So she exceeded it by

²³ \$200 or \$202?

CHAIRPERSON BUSCHING: Do we know that "D" is the result of "C"?

Ms. Richardson, can you help us on this?

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MS. RICHARDSON: I'm sorry, I don't have a copy of the settlement agreement in front of me. But she had bounced two checks. One for \$152 and one for \$50, and incurred insufficient funds fees from her bank because of those. So I have to go back and look at the file if you want an exact amount.

COMMISSIONER DETRICK: That's the extent of the violation; is that correct?

MS. RICHARDSON: That's part of it. There were a couple of other things in there that were part of her violations.

MR. LANG: Filing fee and Secretary of State.

COMMISSIONER DETRICK: Right. And that was she used campaign funds instead of personal funds to do that.

MR. LANG: That's correct.

MS. RICHARDSON: I think she didn't report the matching funds either, so there were three.

MS. VARELA: That's right.

COMMISSIONER DETRICK: Gary?

COMMISSIONER SCARAMAZZO: Yes.

COMMISSIONER DETRICK: Madame Chair, can I ask a couple questions?

CHAIRPERSON BUSCHING: Sure.

COMMISSIONER DETRICK: When I look at this, that overexpenditure to me looks fairly small and I can understand how that can happen. Gary, can you tell me, when you discussed that she didn't report receipt of funds in the amount of \$528.34, what did she —— how did she respond to that about why she didn't report the funds?

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Did you talk to her at all about that?

COMMISSIONER SCARAMAZZO: Calling back on the memory bank here.

Diana, do you remember whether we -
MS. VARELA: My recollection is that she

claimed that she did file reports with the Secretary of

State's office.

COMMISSIONER SCARAMAZZO: That's right.

MS. VARELA: But what -- and Nancy Read can probably better speak to what happened on the Secretary of State's end. But what Ms. Hammann told us is she filed reports with the Secretary of State. She thought that she had filed them, but what appeared on the Secretary of State's end were blanks. Nancy Read tells me when you file a report, you don't get blanks.

The other thing is that because her campaign finance report is late and this is a Secretary of State issue, she needs to pay in order for the Secretary of

State to accept the filing at this point. She also needs to pay a penalty. So, until she pays that, the Secretary of State will not accept the filing.

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What she told us during our conference was that she was going to take care of that. I don't know if she has. I don't know if she still plans to, but that's what she told us.

COMMISSIONER SCARAMAZZO: She was supposed to take care of that in November.

COMMISSIONER DETRICK: Okay. Madame Chair.

CHAIRPERSON BUSCHING: Commissioner Detrick.

COMMISSIONER DETRICK: You know, I really do understand your concern about setting a precedent, but I really think this entire case has been very — a kind of strange one where we couldn't contact her. She's obviously not employed. I'm not certain she understood the seriousness, although she should have, and I certainly appreciate that.

But I do think that to me it seems like -- like I think this is a reasonable settlement in this case because I believe the overexpenditure is actually fairly small. And her -- this issue of not being able to report until you pay penalties, I deal with that myself, so I do understand how that can happen. And I'm in support of Gary's settlement agreement here.

1 CHAIRPERSON BUSCHING: Okay. Any further 2 discussion or any questions of anyone? 3 If not, the Chair will entertain a motion. 5 Madame Chair. COMMISSIONER DETRICK: 6 CHAIRPERSON BUSCHING: Commissioner Detrick. COMMISSIONER DETRICK: I move that we accept the settlement agreement in MUR 04-0043. CHAIRPERSON BUSCHING: Is there a second? 10 COMMISSIONER SCARAMAZZO: I'll second that. 11 CHAIRPERSON BUSCHING: It's been moved by 12 Commissioner Detrick and seconded by Commissioner 13 Scaramazzo that we accept the settlement agreement in 14 MUR 04-0043, Peggy Tommey Hammann. 1.5 All in favor say "aye." 16 (Chorus of ayes.) 17 CHAIRPERSON BUSCHING: Opposed, nay? 18 Chair votes nay. The motion carries. 19 COMMISSIONER SCARAMAZZO: Thank vou. 20 CHAIRPERSON BUSCHING: The next item is item 21 four C) MUR 04-0080, Edward Ableser. 22 MR. LANG: Ab-les-ser, as I understand it. 2.3 CHAIRPERSON BUSCHING: Ableser. Reason to 24 believe recommendation, possible action on settlement 25 agreement.

Mr. Lang.

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MR. LANG: Thank you, Madame Chair,

Commissioners. This was an internally generated

complaint that we began last week after it came to our

attention there was some accounting issues with Mr.

Ableser's campaign finance reports. What it boils down

to was four reimbursement checks he issued to what I

would term "enthusiastic campaign workers". In all four

cases they involved reimbursement for expenditures on

behalf of the campaign and all occurred within a few

days of the expenditure.

In the first case, Ms. Shari Casteel purchased food and drink supplies on January 14th on behalf of the campaign and she was reimbursed on 1/19. The problem there was that she spent \$111.24. And as you'll recall for seed money, the personal income contribution limit is \$110. So even though she was reimbursed, technically for that five-day period, she exceeded that limit by \$1.24. And this is a technical violation of the law.

The second case, Respondent's stepfather and mother bought a little over 2,000 blue tassels for the campaign handout they were working on and spent \$534. That expenditure occurred on March 12th and they were reimbursed by the campaign 13 days later on March 25th. Again, we have the problem that even though this was

done on behalf of the campaign, we have a problem because the personal money limit was exceeded by virtue of this because, of course, they were his parents, and of course they had already maxed out the personal contribution limit like most parents do and so you have a violation. And because they're family members, he violated the personal money limit and violated their individual contribution limit, and he had maxed out on seed money. So violated the aggregate contribution limit for that thirteen-day period.

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The next expenditure at issue occurred when \$517 were spent on November 1st by Mr. Ableser's father for food and drinks for a volunteer party and it was repaid the next day. So, for that one-day period we have similar violations of the various limits for one day.

And then the fourth reimbursement was for expenditures that occurred on October 30th, October 31st and November 1st. This was to Jack and Monica Shaw, his mother and stepfather — or is that — I may be getting the — yeah, stepfather and mother. That reimbursement occurred on September 2nd. So, again we have an immediate reimbursement.

The bottom line problem is we do have the violation and that's why you have the reason-to-believe

finding by me and then you also see we entered into a proposed settlement. I met with Mr. Ableser and his attorney, and Genevra Richardson met with him. They acknowledged the violations. They were very persuasive and explained the situation, how there was no intent to violate and you see the mitigating circumstances listed there.

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You have the usual ones: No intent to violate, done in good faith, they attended the training. But the key issue for me here is that all times we checked -- at all times relevant here, he had the money in his campaign to make these expenditures. So there was absolutely no game playing, no financial advantage gained, there was no trickery, no attempt to subvert the system to get money earlier or later, or, you know, no financial advantage.

Basically what we have here is sloppy bookkeeping and lack of control over some enthusiastic campaign workers. They're used to letting mom and dad tell you what to do and I think in this case it was a mistake. That's why you see the recommended settlement. Basically what we did was worked out the violations and, you know, because they exceeded by about \$2,200, the possible penalty in this case is \$22,770.90 under 16-942(B). As you recall, it's 10 times the amount they

exceed.

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Generally in a case like this where there's absolutely no harm, I recommend -- and I've done this in the past when I was Assistant A.G. -- recommend they fine by the amount they exceeded, which in this case it was would be \$2,200. In this case I recommend we only fine them \$1,566. The difference is I took out the reimbursements that occurred on the very same day as the expenditure because there was absolutely no harm, no foul in my opinion. \$1,566 fine is appropriate because that represents the reimbursements that did not occur on the very same day, they occurred between one day later and 13 days later.

So that's my recommendation.

CHAIRPERSON BUSCHING: Okay. Thank you. Are there questions of Mr. Lang?

Mr. Lang, I have a question. As we head into this next year of new election, obviously, you know, we talked last time about campaign violations and priorities and everything. Would you regard this situation as equal in seriousness as the last matter that we just discussed?

MR. LANG: Peggy Tommey Hammann?

CHAIRPERSON BUSCHING: Yeah.

MR. LANG: No. I would say the Hammann matter

was more serious. Because in this case -- in the Hammann matter we had complete failures to report, we had absolutely improper use of money, that sort of thing.

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Here we had the person who had the money to make the expenditures but allowed family members and friends to make the expenditures instead, which constituted technical violations but gained no financial advantage. So I consider this less serious.

On the other hand, it does involve the issue of when do you report expenditures and that's very important and that's why I think a fine is appropriate, even though there's no intent and no financial advantage gained. Because the expenditures needed to be reported on the very day it occurred and that didn't always occur.

In terms of the trigger report and the deadlines, they were fined because we were -- you know, there were no late reports. But they should have been reimbursed on the very day they occurred.

CHAIRPERSON BUSCHING: But the maximum time period in between the expenditure and the reporting is four days?

MR. LANG: 13 days.

CHAIRPERSON BUSCHING: Oh, 13 days.

MR. LANG: The reimbursement.

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CHAIRPERSON BUSCHING: And the amount involved there was how much?

MR. LANG: Let's see, that was the March 25th expenditure I believe. Yeah. So that was \$534 for tassels.

CHAIRPERSON BUSCHING: March 25th being six --

MR. LANG: The date of reimbursement.

CHAIRPERSON BUSCHING: -- six months before the primary?

MR. LANG: Yeah. There's an argument these are all just nominal violations. That argument could be made. But, again, because the issue of campaign staff making expenditures on behalf of the campaign and when that's reported, I think is an important issue and that's why I recommended that we do it, impose a fine.

CHAIRPERSON BUSCHING: Okay. Other questions for Mr. Lang?

COMMISSIONER DETRICK: Madame Chair.

CHAIRPERSON BUSCHING: Commission Detrick.

COMMISSIONER DETRICK: Just a comment. I think this is an area of the law which I felt really needed to have something done. There's nothing in the law that says that you have to report immediately, but there are times when you are doing this kind of thing that you can

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MR. LANG: Oh, yeah.

COMMISSIONER DETRICK: It's on the weekend, a couple days go by, left my receipt at home. It's kind of a messy area.

MR. LANG: I can see many campaigns making these sorts of mistakes.

COMMISSIONER DETRICK: Although 13 days is a little bit long.

CHAIRPERSON BUSCHING: Let me ask, is there any member in the public that wishes to speak to this matter? No.

Okay. Any other questions or comments by the Commissioners?

All right. If not, the Chair will entertain a motion.

COMMISSIONER JOLLEY: Chairperson Busching.

CHAIRPERSON BUSCHING: Commissioner Jolley.

COMMISSIONER JOLLEY: I would move that we in the matter of Edward Ableser, case number MUR 04-0080, that the settlement agreement be approved and that the Respondent agrees to pay the Commission within 30 days of the settlement agreement in the amount of \$1,566.03.

CHAIRPERSON BUSCHING: Is there a second?

COMMISSIONER SCARAMAZZO: Second.

1 CHAIRPERSON BUSCHING: It's been moved by 2 Commissioner Jolley and seconded by Commissioner 3 Scaramazzo that the settlement agreement be approved. Mr. Lang. 5 MR. LANG: Thank you, Madame Chair. If I may, 6 I would like to suggest that the Commission consider approving the statement of reasons along with the settlement. CHAIRPERSON BUSCHING: Okay. Commissioner 10 Jolley, are you willing to amend your motion? 11 COMMISSIONER JOLLEY: Yes. I will amend my 12 motion. 13 COMMISSIONER SCARAMAZZO: That's fine with the 14 second. 1.5 CHAIRPERSON BUSCHING: Okay. The motion and 16 the second have been agreed to amend to include the 17 motion to approve the statement of reasons set forth by 18 the Executive Director. Any further discussions? 19 If not, the Chair will call for the question, 20 all in favor say "aye." 2.1 (Chorus of ayes.) 22 CHAIRPERSON BUSCHING: Opposed, nay? 2.3 Chair votes aye. Motion carries. 2.4 Move to item five on the agenda. Discussion

and possible action on the 2006 state legislative

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signature requirements pursuant to R2-20-106(A)(1)(a), applications for funding submitted before March 1st.

Mr. Lang.

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MR. LANG: Thank you, Madame Chair. You have before you have a chart of agenda item five which was prepared by Colleen McGee based on information provided by the Secretary of State's office. And this indicates the signature requirements that we need to calculate based on our rule, Rule 106. And we ask the Commission approve it.

CHAIRPERSON BUSCHING: Mr. Lang, would you go into a little bit more detail on my -- I was confused as to why the March 1st cutoff date.

MR. LANG: Because after March 1st the Secretary of State will have the new numbers based on the new voter registration counts. And until that time, the problem we have is that between January 1st and March 1st, folks can turn in their request for public funding, but we don't know whether they've qualified as a candidate until after March 1st because we don't have the new voters registration numbers. So, our rule requires us to make this calculation so we can determine if they're qualified candidates based on the old numbers.

Is that - Taft Copy

	Page 3.
1	MS. MCGEE: That's correct.
2	CHAIRPERSON BUSCHING: Thank you.
3	All right. Any member of the public wish
4	to speak to this matter?
5	Okay. Any questions or comments by
6	Commissioners?
7	Mr. Lang.
8	MR. LANG: Madame Chair, I would point out to
9	the Commission that it's quite likely we'll have
10	candidates requesting public funding before March 1st.
11	This isn't just an exercise.
12	CHAIRPERSON BUSCHING: Okay. Any other
13	questions or comments?
14	If not, the Chair will entertain a
15	motion.
16	COMMISSIONER DETRICK: Madame Chair.
17	CHAIRPERSON BUSCHING: Commissioner Detrick.
18	COMMISSIONER DETRICK: I move that we accept
19	the signature requirements presented today for
20	applications for funding submitted before March 1st.
21	CHAIRPERSON BUSCHING: Is there a second?
22	COMMISSIONER JOLLEY: I will second that.
23	COMMISSIONER SCARAMAZZO: Second go ahead,
24	Commissioner.
25	CHAIRPERSON BUSCHING: It's been moved by

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It's been moved by

1 Commissioner Detrick -- and I heard you first Mr.

Scaramazzo, so I'll accept your second.

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COMMISSIONER SCARAMAZZO: Okay.

CHAIRPERSON BUSCHING: -- that we approve the signature requirements as submitted by staff for application for funding submitted before March 1st. Any further discussion?

If not, the Chair will call for the question, all in favor say "aye."

(Chorus of ayes.)

CHAIRPERSON BUSCHING: Chair votes aye. Motion carries.

Next item on the agenda is item six, discussion and possible action on maintaining a court reporter for future public meetings.

Mr. Lang.

MR. LANG: Madame Chair, thank you. The issue here is whether or not the Commission would like to continue to use a professional court reporter for the meetings. It's on the agenda because a couple of the Commissioners have expressed their appreciation for the full detailed reports. And so we thought it appropriate to put it on the agenda for your discussion and consideration.

The reporter costs about \$735 a month, so

that's basically a meeting, and we believe she provides a great benefit, frees up our staff, and especially when we get public records request for minutes and that kind of thing. So we find it beneficial but it's something for you to consider.

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CHAIRPERSON BUSCHING: Could you tell us, have you done a survey of other agencies and what's being done in that regard?

MS. ORTIZ: I have. I contacted the Department of Liquor License and they have Commission board members and Arizona Redistricting also uses a court reporter.

Based on the subject matters and what's discussed, it's easier for the public record's request and they're wanting verbatim, sometimes a summary doesn't capture key things. And it saves staff time tremendously. We save hundreds of dollars of staff time. Sometimes our own attorney will ask to have a section transcribed, and when the press calls we have to go and run to make a tape and that's reformatted and get transcribed again. The bottom line is transcription is requested more often than not.

CHAIRPERSON BUSCHING: Okay. And is there any way, I mean, the -- the transcripts that we're getting right now are pretty hefty. If there's one thing I recommend, if we get them in the future, if we reduce

them down to four on the page like we typically do for depositions?

MS. ORTIZ: Certainly.

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CHAIRPERSON BUSCHING: If you want to do it.

MS. ORTIZ: We can request a condensed version.

CHAIRPERSON BUSCHING: Condensed meaning?

MS. ORTIZ: It's condensed where the font size is smaller and four per page.

CHAIRPERSON BUSCHING: That's fine. And the other question that I had was if a public record's request is made, do they make it or do they receive it in a searchable fashion or does somebody have to take and go through it page by page looking for the part that they're looking for?

MS. ORTIZ: Whatever method. Usually it's posted on our Website anyways, so the actual -- once the Commission approves the final minutes, it's going to be on the Website anyways. That reduces a huge amount of public records request. But if it's a certain section, they can come in and view it. The public always has the right to come in and view the public document and select the pages they want. And the fees they pay are based on the page count.

CHAIRPERSON BUSCHING: Mr. Lang.

MR. LANG: Are you talking on the old system?

CHAIRPERSON BUSCHING: Under -- under this system, under using a court reporter.

MR. LANG: Oh, yeah.

CHAIRPERSON BUSCHING: My question is, can a person ask for it in, like, word form or, you know, other — in a form such that they have it on a disk so that they can then take it and search it for, you know, somebody's name for example?

MS. ORTIZ: We can place it on disk. They would pay the cost of the disk, absolutely. Or it's on our Website also eventually. But most reporters want it within three days after the public meeting, which we do get and we're required to release the public record. It's still draft until the Commission approves it.

CHAIRPERSON BUSCHING: Okay. All right. Other questions for Mr. Lang or Ms. Ortiz?

Any discussion?

Okay. The Chair will entertain a motion.

COMMISSIONER JOLLEY: Madame Chair, this is Commissioner Jolley.

CHAIRPERSON BUSCHING: Commissioner Jolley.

COMMISSIONER JOLLEY: Yes. I would move we accept and take action on maintaining a court reporter for future public meetings as previously mentioned.

CHAIRPERSON BUSCHING: Is there a second?

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1 COMMISSIONER DETRICK: Second.

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CHAIRPERSON BUSCHING: It's been moved by

Commissioner Jolley and seconded by Commissioner Detrick

that we maintain a court reporter for future public

meetings. Further discussion?

If not, the Chair will call for the question, all in favor say "aye."

(Chorus of ayes.)

CHAIRPERSON BUSCHING: Opposed, nay?

Chair votes aye. Motion carries.

Okay. Next item is agenda item seven.

Discussion and possible action on Substantive Policy

Statement No. 13, use of privately owned airplanes;

14 motor vehicles; accommodations.

Mr. Lang.

MR. LANG: Thank you, Madame Chair,

Commissioners. This is up primarily for your

information and discussion and for your consideration

over the next few weeks for a possible reconsideration

in the January meeting. We're not ready today to make a

final proposal for any possible changes.

The reason I brought this up before you is I've heard from all sides, both parties, and various different offices both statewide and legislative with various concerns regarding this rule. Basically the

argument they have asserted is that the rule doesn't work for them. In particular the requirement that if you have a flight that has both public purpose for — obviously that would be for an incumbent, and election purposes, the entire stop has to be attributed to a campaign stop.

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I've also heard a number of concerns regarding the volunteer use of airplanes and private use of airplanes. And in fact, we received a fairly -- a fairly substantial proposal from one of the statewide candidates this morning which would substantially change this rule.

So, I do not have a recommended course of action at this time because we still -- I still need to hear back from a number of folks, but I wanted to bring it up and let you know that that issue was out there for that consideration.

CHAIRPERSON BUSCHING: Okay. And what are the alternatives that they suggested or you're considering?

MR. LANG: They go all over -- they go all over the map. They range from getting rid of the substantive policy statement and allowing our normal reporting requirements to apply, to this morning's requirement would be that -- and I'm speaking very generally, but the bottom line is for commercial pilots and commercial

flight you would use certain rates, but for a private pilots who cannot charge for their work on behalf of a campaign, they'd like that their time to not be counted and simply the airplane rental to be counted.

And go so far to have a proposal, for instance, if a private pilot flies a big banner "Vote For Lang," that should not be any charge because it's akin to having a bumper sticker on your car. I happen to disagree with that analogy, but those are the sorts of proposals.

And the proposals are very helpful and certainly appreciated, but we need time for other folks to take a look at them and consider them. There are disagreements within parties as well. It's not simply the Democrats want it one way and the Republicans want another. Both parties are coming up with different ideas depending on which office they're interested in.

CHAIRPERSON BUSCHING: Is there anyone from the public that wishes to address this matter?

Sir, come up here and state your name, please.

MR. MAYS: Madame Chair and Commissioners. My name is Richard Mays. I'm private pilot and private airplane owner. I'm here to request you make major changes or eliminate, as you suggested, Substantive Policy 13 on three grounds.

First, the existing policy is incongruent to the other policies regarding market value that this Commission has previously decided. Secondly, the policy violates, if not the purpose than the spirit, of the taxpayer funded campaign. And lastly, because the policy is at odds with Federal Aviation Regulations which license private pilots like myself.

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Regarding the market value. I was here four years regarding the complaint with below-market rent in downtown office buildings. The Commission ruled the market value was the amount the parties agreed was a fair value for the purpose. Why? I'm not really sure I understand the logic behind that decision.

It is the precedence for this Commission's determination of market value in the service; however, in this one area the Commission has inserted a specific determination as to the market value of travel by airplane. By creating a standard market value based on commercial charter costs. The policy is eliminating the majority of candidates from utilizing aviation as a viable method of traveling; this appears to me to tilt the balance away from those who are not incumbents.

I would like to read the following section from the Clean Election Act. "Section 16-940, finding and declaration. The people of Arizona declare our intent

to create a clean election system that will improve the integrity of the Arizona State Government but diminishing the influence of special-interest money, will encourage citizen participation in the political process, and promote freedom of speech" -- dot, dot, dot.

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"B) The people of Arizona and their findings find that our current election finance system gives incumbents an unhealthy advantage and hinders communication to voters by many qualified candidates."

This Policy 13 does not encourage citizen participation in the political process because it eliminates private pilots like myself from participating. It does hinder communication to voters by many qualified candidates and gives the incumbent an unhealthy advantage over challengers.

Many non-incumbent candidates only travel over wide areas of the state for the purpose of campaign whereas an incumbent can always find an official reason for travel. That kind of disputes what you just said. I guess you guys have ruled differently, I don't know.

My third concern though is by far my greatest. Federal Aviation Regulations do not permit me as a private pilot to accept the type of compensation that this policy requires. As a private pilot I have

licensed restrictions imposed by the Federal Aviation
Regulations. These regulations grant specific
privileges and limitations on private parties in what we
are permitted to do.

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Substantive Policy 13 regarding private pilots does not coincide with federal regulation. I believe it's 14CFR. As a pilot, we refer to it as "FARS", Federal Aviation Regulations.

Section 16 -- Section 61-113 of the FARS does not permit me as a private pilot to receive any compensation for carrying passengers or property. The FAA does not want private pilots to make a profit by using their license. This policy statement, however, requires that a campaign compensate me in ways not permitted by the FARS.

If you were to consider my acting in a campaign as a volunteer a form of employment, then Section 61-113 does have provisions to provide for it and they are this: "61-113(B), a private pilot may for compensation or hire, act as pilot in command of an aircraft in connection with any business or employment."

So, let's say as a volunteer I was a volunteer coordinator for a campaign. I wasn't taking any employment money, but the rules are this, the flight is only incidental to that business or employment. So, if

I'm going to fly from Phoenix here to Page, your Substantive Policy does not allow me to do that but the FARS do. It would only be incidental to that position within the campaign.

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"The aircraft does not carry passengers or property for compensation or hire." I can't be charging the kind of money that you're demanding that I charge as a pilot. And then, "The private pilot may not pay less than the pro rata share of the operating expenses of the flight with passengers, provided the expenses only involve fuel, oil, airport expenditures or rental fees."

Therefore, the only expenses which a campaign is allowed to reimburse me are the cost of fuel, oil and airport expenditure, which would be an overnight tie down, that type of fee an airport charges.

With my situation where I am the owner, there are no rental fees. Further as the pilot, I must pay my own share of those expenses and cannot receive them from the campaign. If it costs me \$100 to fly my airplane to Page and I've got a four-person airplane and I've got three people in that airplane, I can only charge the campaign according to Federal Aviation Regulations \$75 because I must pay for my own seat.

A policy by this Commission which does not adhere to the Federal Aviation Regulations does

eliminate private pilots from being able to participate in state campaigns. This makes no sense. If as a private citizen I were to give a ride to a candidate in my Ford 150 from Phoenix airport to Yuma airport, this policy statement in paragraph B requires I be reimbursed at 10 cents per mile or \$18.90. That will not cover the cost of fuel.

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But as a private pilot I cannot provide the same volunteer service without violating Federal Aviation Regulations even though the Federal Aviation Regulations do allow me to carry the candidate and be reimbursed for the costs associated with the flight. If I were to give the same example, it would be about 1.3 hours in my airplane to go to Yuma. If we took the hundred dollars an hour, which is about what it costs me to operate the plane in fuel and oil, I could charge the candidate \$130 less my one-quarter share of that. Or if there were two of us, I could charge the campaign \$65, half of \$130.

I request you change your policy to allow private pilots to participate in campaign without violating the Federal Aviation Regulations by eliminating these erroneous market value regulations as they relate to private pilots. Thank you.

CHAIRPERSON BUSCHING: Thank you, Mr. Mays. If

you'll wait a second, I'll see if anyone has any questions of Mr. Mays.

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So, Mr. Mays, if I were to understand what you're saying is that you would like us to eliminate the current policy and instead institute a policy that would reimburse you on an hourly rate or reimburse any airplane operator on an hourly rate.

MR. MAYS: From my reading of your Substantive Policy 13, you've only looked at pilots as a commercial entity and you've gone to charter services and said here's what it costs to fly around the state for a charter service. Now, if I was a charter airplane owner, I would be under what's called either Part 121 or Part 135 of the Federal Aviation Regulations. Those regulations allow me to charge for that service, whether it be a small charter company with a five- or six-passenger airplane to an airline. That's what governs them.

But there's a separate section for private pilots, and that Section is 61 or Section 91. Those parts say that because I have a license as a private pilot, I can travel around the state as a private pilot and I can take any one of you with me. If I was a student pilot, I wouldn't be able to do that. But what I cannot do is I cannot charge you for that. I cannot

make it a commercial service.

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So, if you look at this from a standpoint of me being a private pilot involved with a campaign, let's say I was the volunteer coordinator and I was going to go up and do an event in Flagstaff, your rules right now say I have to charge somewhere in the neighborhood of \$2,400 just for me to fly up there as part of the campaign.

But I'm a private pilot. I have the right to get in my plane and use that for my personal travel any way that I want. And if I happen to carry someone with me, if the candidate or candidate staff were to go with me, the Federal Aviation Regulations say you can't make me charge for it. I'm not allowed to charge them because then I would be a Part 121 or Part 135 pilot. A private pilot who owns their own airplane can't charge for rental. Unless they want to put it under a rental, I mean, the cost of my insurance would probably go up to about \$15,000 a month.

My major point is that this policy has completely eliminated and I mean I've called the Commission and said: Can I volunteer? And I get this Substantive Policy in return. And it absolutely eliminates because of the Federal Aviation Regulations my ability to fly for any purpose in the campaign.

CHAIRPERSON BUSCHING: Okay. And so that I understand, it would be your recommendation that you be allowed to volunteer and operate your plane for free for a candidate to go around this state, or you should be — a candidate should be reimbursing you for your expenses or some hourly rate? Or what — that's where I got lost.

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MR. MAYS: It cannot be an hourly rate because the Federal Aviation Regulations require I only be compensated the pro rata share not, including my seat, of fuel, oil, and airport expenditure, and rental of the airplane. I own the airplane, so I cannot receive compensation for rental.

CHAIRPERSON BUSCHING: Okay.

MR. MAYS: Okay. But if the fuel costs me \$100 and there are four people in the plane, then the campaign can reimburse me \$75. But the reality is, without -- I think that with your question, it depends on if we're on the other side of town. If we're in Mesa and I've got a vehicle available, and myself and the candidate and the campaign manager were to hop into my vehicle and drive from Mesa to Phoenix, what does the Commission do with that? My reading of this says that the campaign has to reimburse me 10 cents per mile if I drive my personal vehicle.

CHAIRPERSON BUSCHING: Okay.

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MR. MAYS: Now, if that's correct, then it's a similar -- I mean, if you want to force us to take the -- take the compensation because you don't want campaigns receiving a free ride, as long as it's for the cost of my fuel and airport expenditures, and it complies with the Federal Aviation Regulations, I don't really have a problem with that. But as a private pilot, you're -- you're eliminating me from being able to participate if you make me charge a commercial rate for the aircraft or for the use of aircraft. And I should have the right, as a private citizen who has his own airplane, to be able to fly and have that happen in conjunction with a campaign.

CHAIRPERSON BUSCHING: Okay. Just one follow-up question and that is, if the candidate does charter an airplane, do you have any problem with the rates that are set forth in this?

MR. MAYS: Well, I'm not in the charter business and I think that that -- I mean, it is a -- it is a completely different animal if you are talking about a charter service.

CHAIRPERSON BUSCHING: Okay.

MR. MAYS: If you are talking about a company that is out there, Mesa Air or any of the others that

have a charter service, there's several out of Scottsdale, I personally believe they should be -- they should have to pay the same price as if you were a businessman walking in off the street.

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I don't think that this Substantive Policy covers the potential flights that are available. For one, you only look at six, not seven— and nine—seater aircrafts. I mean, there are — there are — there are nine—seat turbo props, there are nine—seat leer jets, and they cost different amounts. So, I think you should just look at — if it's a charter company, they should have a published list of what those charges are and the campaign should probably have to pay that.

I'm here talking about being a private pilot with a private pilot's license. There should be nothing that prevents the candidate from getting in my plane as they shouldn't be restricted from getting in my car.

But, I'm not a taxicab service. If I was a cab service with a private car, then I would have a license that says I have to charge so much money to be a taxicab driver. Okay? If it's \$3.38 per eighth of an mile, then the campaign should have to reimburse them.

But you don't want to -- you don't want people starting their own private cab companies out there without going through licensing. And the FAA doesn't

want private pilots out there flying people around charging this kind of money, or really what this effectively does is eliminates the ability. Because I don't know anyone who who's going to pay me \$2,406 plus \$45 an hour to fly from Phoenix to Kingman in my little putt-putt airplane.

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CHAIRPERSON BUSCHING: Okay. Thank you.

Any other questions of Mr. Mays?

All right. Thank you, Mr. Mays.

MR. MAYS: Can I give you a copy of the Federal Aviation Regulation that I printed out? That's the one that deals with privileges of what private pilot are allowed to use.

CHAIRPERSON BUSCHING: Thank you for taking the time to come today.

MR. MAYS: Thank you.

CHAIRPERSON BUSCHING: Are there any other members of the public that wish to speak to this matter?

MS. BREWER: Thank you, Madam Chairman and members of the Commission. I'm Jan Brewer, candidate for Secretary of State. I've come today to address this issue that you have on your table before you. And I'm certainly not an expert, so I will just speak to you as a candidate.

I have some great concerns because we all know

that Clean Elections was established to make it a level playing field. And for some candidates or incumbents, we don't have the ability of having friends that have airplanes and are able to donate or volunteer their time or energies. This rule has been on the statute on your rules since the inception of Clean Elections and I assume that it also has been cleared by the Department of Justice. And up until this point in time, I have not seen any really complaints in regards to it.

The gentleman that spoke before me stated that, you know, we were kind of -- ruling with the way that you have, it is -- we're kind of suppressing his right as a private plane owner and operator. Well, you know, with elections we have suppressed a lot of people's private rights as far as donating what kind of money they can give, the way they can do independent expenditures. I mean, that's all been controlled because of elections, and it's all been approved obviously by the Department of Justice.

My concern, again, is that Clean Elections is based fundamentally on leveling the playing field. And, here we go, if somebody has a friend that has a nice plane -- and God bless them, I wish I had a few of those people, I don't happen to have any of those people -- and I know that opponents out there just might have

airplanes and jets, et cetera, et cetera. And, you know, they can use it to their great advantage because it is a large state. I've traveled it from north to south, east to west.

And my God, I would have liked to have been in a plane too coming from Sierra Vista to Lake Havasu in one day. But, unfortunately, I don't have the accessibility nor did I have the money given to me under Clean Election to do that in my election.

Now, I know two years ago, four years ago, three years ago, there were people traveling in airplanes. I don't know whatever came out of that. I don't know how -- I know that the candidates of maybe the higher office, the Governor's office they have a lot more money than we have to operate.

But if you change the rule, it doesn't just affect the people that are getting the large sums of money to run, you're affecting the Office of Secretary of State, Treasurer, Superintendent of Instruction -- who am I forgetting here -- Corporation Commission. But we don't get the large sums of dollars.

So, if you change that law for a specific office because they have the dollars and you leave us with the same law, then those people that are opposing, or running, or have that ability to access their friends

or their family members, it puts us at a huge disadvantage. Unless I don't quite understand it.

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I just -- and I know it's a terrible situation because everybody feels that their rights are being trampled on, you know. It's their plane, they ought to be able to take whom they want on it. But the rule there is the rule and it's been in effect, and I don't know how you're going to solve it, but I thought it was incumbent that I come today and tell you from a candidate's point of view how it's going to affect us.

If you break that rule, it's going to really put us that don't have the ability to have access to a private plane -- I wish I did. If I did, maybe I wouldn't be here, but I don't. And I used to own a plane, so I kind of understand a little bit about it.

But I have no friends -- I'll plead with you, I have no friends, I have no planes, I have nothing, so you must, in your wisdom, do the very best job you can to there again get back to the old saying, level the playing field.

And I thank you. And I would answer any questions, if you don't make them tough.

CHAIRPERSON BUSCHING: Secretary of State
Brewer I have a question and that is, is it your
recommendation that we maintain the current policy?

MS. BREWER: You know, if that's level, then yeah, you know. I don't know what your solution is. I know, like I said previously, within your wisdom, I know that you will try to address these issues. But the fact of the matter is, it's going to have to be a level playing field.

And when I the gentleman said -- I'm so sorry,
I don't remember your name.

MR. MAYS: It's Richard Mays.

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MS. BREWER: Mr. Mays is saying that it was in opposition or was not possible by dealing with the FAA rules and regulations. Well, election law sometimes doesn't always agree with everybody else's election [sic] that's why they go to the Department of Justice and they get cleared; and that's my understanding and your attorneys will know better than I how that is addressed.

And the thing I will be asking because I'm here as a candidate, and all I want is it's tough enough to run elections and tough enough to do it on the money we got and try to compete with everybody, but it has got to be fair and it has got to be level and can't be somebody in such an extreme advantage over those of us that are burning up our tires and driving for eight and nine hours a day and get there in an hour and a half.

It's exactly what Mr. Lang said, it's an issue being discussed on both sides of the aisle for all different incumbents and otherwise. It's just a situation, but you haven't had a problem in the past.

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CHAIRPERSON BUSCHING: Thank you. Is there questions of Secretary of State Brewer -- Candidate Brewer?

MS. BREWER: I'll put my hat on here -- don't put that down.

CHAIRPERSON BUSCHING: All right. Any members -- other members of the public wish to speak?

MR. MAYS: Can I make a follow-up?

CHAIRPERSON BUSCHING: Mr. Mays, you may.

MR. MAYS: Secretary of State Brewer, as a fellow Republican, I'll always give you a ride in my airplane.

MS. BREWER: Put that in the record.

MR. MAYS: I want to address what you said though. You said you want to make this a fair playing field. I want to go back to 16-940 which says that the people of Arizona -- which is the governing law of this, the people of Arizona find that our current election finance system hinders communication to voters by many qualified candidates. I don't think having access to a private plane does anything to hinder communication, it

will actually help it.

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I don't understand your logic in let's set the bar so high that nobody can fly because you don't have a friend that's a pilot. You do have a friend that's a pilot, I supported you before. And that's my whole purpose of being here is that I'd like to be able to fly you as a candidate from one side of town to the -- you know, one side of the state to the other. But I don't have the ability to do it because of this law.

I thought public financing was supposed to make all these things easier as long as everyone was playing by the same rules. I don't think your way is playing by the same rules. That's just my personal opinion.

CHAIRPERSON BUSCHING: Thank you, Mr. Mays. Any other questions of Mr. Mays?

MS. BREWER: I'll just turn this now into kind of a debate, Madame Chairman.

CHAIRPERSON BUSCHING: Ms. Brewer.

MS. BREWER: I appreciate Mr. Mays' offer of driving me. I ran a campaign four years ago and I assure you, Madame Chairman and the Board, no one ever volunteered to fly me anywhere or take me anywhere in order to get me better access to communicate my message to the constituents out there.

I understand there's an issue there and it's

the issue that we've discussed on many of the rules that have been established that we have infringed upon what we believe are private privileges that are no longer available there. But, I cannot sit here in front of you — and I hope that you don't allow someone to have that kind of an advantage over someone that doesn't have the accessibility to have a private pilot and a plane.

I mean, we know that the candidates out there that are running that are using airplanes have got more money and they have the accessibility to do this. And they got that because they are running for very important offices. But we have other officers that this is going to infringe upon, but they don't get the kind of dollars. When you're talking about a \$1.2 million budget for a campaign as opposed to my \$120,000, I mean and you give away the airplane, I'm at a terrible, tremendous lost.

CHAIRPERSON BUSCHING: Thank you. Any other -- no.

MR. MAYS: Okay.

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CHAIRPERSON BUSCHING: Anyone else who has not spoken wish to speak?

If not, any Commissioners want to have any discussion, or questions, or anything today?

COMMISSIONER SCARAMAZZO: I just know that I

wouldn't be ready as a commissioner to act on this to

make any motion or to vote on anything concerning this.

CHAIRPERSON BUSCHING: Well, I agree with that, Mr. Scaramazzo, so have no fear I'm in the same can.

COMMISSIONER SCARAMAZZO: Okay.

CHAIRPERSON BUSCHING: Any other discussion today?

If not, we'll move on to agenda item eight, discussion and possible action on Commission's 2006 calendar-year budget.

Ms. McGee.

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MS. MCGEE: Mr. Lang is going to present it.

MR. LANG: Actually, go ahead.

MS. MCGEE: You want me to do it?

MR. LANG: I'm happy to do it, but Ms. McGee did all the work.

MS. MCGEE: That's fine. Commissioners, I'm here today to present our 2006 calendar-year budget.

I'd like to start off, first of all, with your projected year.

As you know, for -- the Commission has to establish projected revenue over a four-year period. First of all to determine our expenditure cap. And the expenditure cap applies to our administrative and enforcement budget and gets us to where we have to spend

no more than 10 percent of our budget, and voter education where we have to spend at least 10 percent of our cap on voter education. Now, the cap does not apply to our candidate funding. We can spend as much money as we have in our fund for candidate funding.

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So, the first page in our budget presentation is our 2006 expenditure cap and revenue projection. And for 2006, we're projecting that we're going to receive \$14.9 million dollars. That will give us a cap of spending of \$12.3 million. So, again, for our administration and enforcement we cannot spend more than 10 percent of the 12.3, and we have to spend at least 10 percent of the 12.3 on voter education. And further in the presentation we'll get into that in detail.

The next page that we have for you is just our forecasting calculation, how we come up with how much revenue we're forecasting to receive during the next four years.

The next page is just a breakdown of our projected revenue of the fines-in that we receive.

We're predicting that we're going to receive \$8.4 million dollars. Other revenue that is projected is our \$5 tax check-off, which is \$5.9 million. And our candidate qualifying contributions, we're anticipating \$400,000.

The next page in the presentation is just an overall of our expenditures for 2006. And we're forecasting that we're going to be spending \$6.8 million and that's for everything, that's for administration of our candidate funding and voter education.

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CHAIRPERSON BUSCHING: You meant to say 26.8?

MS. MCGEE: I'm sorry, yes. \$26.8 million.

The next page is our breakdown of administrative and enforcement expenditures. Again, we're anticipating spending nine percent of the expenditure cap which will equal \$1.1 million.

If any of the Commissioners have questions as far as the itemization, I'll be glad to answer those.

But basically, as I said, we're going to spend \$1.1 million for administrative and enforcement expenditures.

Voter education, we're anticipate spending \$4.3 million. Now, this include our candidate statement pamphlet which is almost \$3 million and this also includes the \$700,000 that it will take to put all the candidate debates on video so we can have them on our Website.

The next page that we have is our projected candidate funding. We're anticipating having 121 participating candidates receiving maximum funding.

That means that each participating candidate will have a

non-participating opponent and will receive full funding and matching funds. And we're anticipating \$21.4 million in candidate funding.

And that's the end of our 2006 budget. If you have any questions, I'll be glad to answer them.

CHAIRPERSON BUSCHING: Okay. Any questions of Ms. McGee?

COMMISSIONER JOLLEY: I do.

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CHAIRPERSON BUSCHING: Commissioner Jolley.

COMMISSIONER JOLLEY: Colleen, well, will you go over the fact that you stated that any carryover that we would not have any funds transferred into the general fund?

MS. MCGEE: Sure. Yes, Commissioner Jolley. The Act requires us when we project our revenue over a four-year period that the Commission looks at if we're going to have revenue in excess of what's going to be needed, we would give money to the general fund. And normally we would do that in December. We've given the 2005 projection back in January of 2005.

Our 2006 projection we're projecting that we're going to have \$2.6 million in excess of the cap.

However, we're not recommending that we return -- or not return, we give that to the general fund at this time because we might need it to fund our candidates. What

we're asking is we wait until the end of 2006 after the election to look at if we have the amount of money left over in the fund to give to the general fund.

We don't give it back to the general fund, because it's never given to us from the general fund since we're not an appropriated agency from the legislature. So it's money we actually give to the general fund if we have it left in our fund.

COMMISSIONER JOLLEY: Thank you.

MS. MCGEE: You're welcome.

CHAIRPERSON BUSCHING: Other questions for Ms.

McGee?

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Is there anyone from the public that wishes to speak to this matter?

If not, the Chair will entertain a motion.

COMMISSIONER JOLLEY: Madame Chair, this is Commissioner Jolley.

CHAIRPERSON BUSCHING: Yes.

COMMISSIONER JOLLEY: I will move that we accept the 2006 calendar-year budget as proposed.

CHAIRPERSON BUSCHING: Okay. Is there a second?

COMMISSIONER SCARAMAZZO: Second.

CHAIRPERSON BUSCHING: It's been moved by

Commissioner Jolley and seconded by Commissioner

Scaramazzo that we accept the Commission's 2006

calendar-year proposed budget. Any further discussion?

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The only discussion that I have is that I have a question for Mr. Lang. And that is, does this budget allow any flexibility for additional projects or --

MR. LANG: Yes, I think it does. For instance, you'll notice that there are couple of capital expenditures that are unusual this year, a \$50,000 expenditure and a \$35,000 expenditure. The budgetary requirement dictated we wouldn't have to engage in those expenditures and do something else with that, but there's a lot of room.

If you look at the candidates -- participating candidated projection, if you recall, Colleen told you almost \$21.5 million. But that projects full matching, and that's not likely to occur, but we do anticipate significant matching because of the independent expenditures and the like.

It also anticipates three gubernatorial candidates running for participating candidates.

Actually we think it will be more. We didn't address that number though because we think it will be less than some of the others when it's all said and done. But we have the flexibility to keep it as it is. That sort of

flexibility is built into it throughout the budget.

CHAIRPERSON BUSCHING: Okay. Any further questions or discussion?

If not, the Chair will call for the question, all in favor say "aye."

(Chorus of ayes.)

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CHAIRPERSON BUSCHING: Opposed, nay?

Chair votes aye. Motion carries.

MS. MCGEE: Thank you, Commissioners.

CHAIRPERSON BUSCHING: Item number nine, report on pending litigation for David Burnell Smith from Assistant Attorney General Diana Varela.

MS. VARELA: Yes. Thank you, Madame Chair, Commissioners. Let me take you back a little bit so I can get you to where we are now.

After the Commission denied the motion for re-hearing or review on October 4th, subsequent to that, the Attorney General filed a petition for Writ of Quo Warranto asking the Court to remove Mr. Smith from office. We also filed a motion to dismiss the complaint that he had filed in Superior Court prior to the Commission making its decision on his motion for re-hearing or review.

Mr. Smith filed a motion to quash the Petition for Writ of Quo Warranto basically saying you need to

get rid of this. His -- his complaint was filed in the southeast court. Our petition for Petition of Writ of Quo Warranto was filed here. So, we asked they consolidate it and they were consolidated under the first case number, which is the case number for Mr. Smith's complaint that he had filed on September 26th. So those were consolidated and Judge Mark Aceto in Mesa took all of those matters.

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A week ago yesterday we had an oral argument and an evidentiary hearing on the Motion to Dismiss the Application For Order to Show Cause and on Mr. Smith's Motion to Quash. We had the oral argument and evidentiary hearing. And the judge said: I'm going to take this under advisement. So we really had no idea when he was going to rule.

He issued his ruling the next day, so a week ago today, granting our motion to dismiss and also ordering that Mr. Smith -- bottom line is he ordered that Mr. Smith forfeit his office. Later that same day -- we got that by fax the morning of December 7th. Later that afternoon we had a telephonic conference with Judge Aceto and Mr. Smith had asked for a stay of the Superior Court's order which was granted until December 21st, so a week from today.

And Mr. Smith yesterday filed a Special Action

1 in the Court of Appeals. He has also filed a Motion For 2

Stay in the Court of Appeals. My understanding from Mr.

Abny who called me yesterday, he's trying to get a

hearing on the Motion For Stay either tomorrow or

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The Court of Appeals issued an order stating that we have to file a response to the Petition For Special Action by a week from Friday on December 23rd and then there will be a hearing on January 11th if the Court decides to accept jurisdiction.

So that's where we're at.

CHAIRPERSON BUSCHING: And he filed a special action, but is there a right of appeal from the Superior Court decision?

MS. VARELA: Yes, there is.

CHAIRPERSON BUSCHING: And has there been an appealment filed as well or not?

MS. VARELA: No, he's just filed the special action.

CHAIRPERSON BUSCHING: Okay. And the special action seeks the same remedies as an appeal would or are they different?

MS. VARELA: Well, they're asking -- you know, I don't have it in front of me. He's asking to vacate the order, but he -- he wants to go back sort of to the very beginning and he wants his constitutional issues heard. He wants a jury trial.

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So, he's also asking for those remedies. So he's asking for relief both procedurally and on the merits of his claim.

CHAIRPERSON BUSCHING: Interesting. Okay. Other questions of Ms. Varela? If not, thank you.

MS. VARELA: You're welcome. Thank you.

CHAIRPERSON BUSCHING: Item ten, call for public comment. This is the time for consideration and discussion of comments and complaints from the public. Action taken as a result of public comment will be limited to directing staff to study the matter or rescheduling the matter for further discussion, consideration, and decision at a later date or responding to criticism.

Is there anyone from the public that wishes to speak?

I want to make a public comment today. I want to just — in this holiday season, just want to thank all my Commission members. It's been a wonderful year. They've been very supportive and helpful and have taught me a lot. And I want to thank the staff for the same reason. Staff, and Attorney Generals included, are just great.

I think that the reason the Commission works is because of the laws that we have in place and what the voters approved back in 1998. At COGEL we heard one of the speakers talk about elections in Africa and how difficult they were or nonexistent they were because they were not open and free, it was not a democratic process. And it made me sit back and reflect on how many good things that we have and how we really should be appreciative of our democracy in Arizona and what we have here in this state and everybody that we have surrounding us. And with that, I want to say happy holidays to everyone.

MS. VARELA: Thank you.

MR. LANG: Cheers.

COMMISSIONER DETRICK: Thank you.

CHAIRPERSON BUSCHING: And item number 11 on the agenda, adjournment. Is there a motion?

 $\label{eq:commissioner} \mbox{COMMISSIONER DETRICK: I'll move for adjournment.}$

COMMISSIONER SCARAMAZZO: Second.

CHAIRPERSON BUSCHING: It's been moved by Commissioner Detrick and seconded by Commissioner Scaramazzo that we adjourn.

All in favor say "aye".

(Chorus of ayes.)

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CHAIRPERSON BUSCHING: Opposed, nay?

Chair votes aye. Motion carries.

COMMISSIONER SCARAMAZZO: Happy holidays everyone.

COMMISSIONER JOLLEY: Happy holidays everyone.

CERTIFICATE

I, Angela Furniss Miller, Certified Court
Reporter, do hereby certify that the foregoing pages
numbered 1 through 67, inclusive, constitute a full and
accurate printed record of my stenographic notes taken
at said time and place, all done to the best of my skill
and ability.

DATED, at Phoenix, this 19th day of December, 2005.

Angela Furniss Miller, RPR Certified Reporter (AZ50127)

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